Livermore Valley Performing Arts Center

Financial Statements

As of June 30, 2017
and for the Period from January 1, 2017 to June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Livermore Valley Performing Arts Center
Livermore, California

We have audited the accompanying financial statements of Livermore Valley Performing Arts Center (a California nonprofit corporation) (the "Center"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the period from January 1, 2017 to June 30, 2017 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Livermore Valley Performing Arts Center as of June 30, 2017, and the changes in its net assets and its cash flows for the period from January 1, 2017 to June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Armanino LLP

Armanino[LLP]
San Jose, California

November 30, 2017, except for Note 16, as to
which the date is March 19, 2018

Livermore Valley Performing Arts Center
Statement of Financial Position
June 30, 2017

ASSETS

Cash and cash equivalents	$ 738,425
Contributions receivable	2,110,673
Accounts receivable	21,514
Inventory	13,951
Prepaid expenses and deposits	66,808
Property and equipment, net	16,374,117
Total assets	$ 19,325,488

LIABILITIES AND NET ASSETS

Liabilities	
Line of credit	$ 150,000
Accounts payable	122,898
Accrued expenses	137,433
Accrued interest	84,540
Deferred revenue	250,040
Present value of purchase option	1,448,058
Capitalized lease payable	91,735
Total liabilities	2,284,704
Net assets	
Unrestricted	13,954,824
Temporarily restricted	2,345,960
Permanently restricted	740,000
Total net assets	17,040,784
Total liabilities and net assets	$ 19,325,488

The accompanying notes are an integral part of these financial statements.

Livermore Valley Performing Arts Center
Statement of Activities
For the Period from January 1, 2017 to June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Support				
Contributions	$ 354,220	$ 381,723	$ -	$ 735,943
Special events	34,722	-	-	34,722
Special event direct expenses	(64,954)	-	-	(64,954)
Contributions in-kind	129,937	-	-	129,937
Net assets released from restriction	225,233	(225,233)	-	-
Total support	679,158	156,490	-	835,648
Revenue				
Ticket revenue - LVPAC presents	455,741	-	-	455,741
Ticket services revenue	157,765	-	-	157,765
Theater rental revenue	154,657	-	-	154,657
Concessions revenue	43,377	-	-	43,377
Bothwell Arts Center revenue	72,876	-	-	72,876
Other revenue	29,335	-	-	29,335
Interest income	5,680	-	-	5,680
Total revenue	919,431	-	-	919,431
Total support and revenue	1,598,589	156,490	-	1,755,079
Functional expenses				
Program services	1,864,679	-	-	1,864,679
Support services				
Management and general	182,444	-	-	182,444
Fundraising	129,253	-	-	129,253
Total support services	311,697	-	-	311,697
Total functional expenses	2,176,376	-	-	2,176,376
Change in net assets (Note 2)	(577,787)	156,490	-	(421,297)
Net assets, beginning of year	14,532,611	2,189,470	740,000	17,462,081
Net assets, end of year	$ 13,954,824	$ 2,345,960	$ 740,000	$ 17,040,784

The accompanying notes are an integral part of these financial statements.

Livermore Valley Performing Arts Center
Statement of Functional Expenses
For the Period from Jauary 1, 2017 to June 30, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and benefits				
Salaries and wages	$ 368,065	$ 99,201	$ 82,141	$ 549,407
Employee benefits	50,946	13,732	11,369	76,047
Payroll taxes	37,141	10,010	8,289	55,440
Total salaries and benefits	456,152	122,943	101,799	680,894
Artist fees	463,554	-	-	463,554
Depreciation and amortization	419,162	2,117	2,117	423,396
Advertising	140,646	-	-	140,646
Facility and equipment expenses	79,502	-	-	79,502
Professional services	23,170	41,060	7,743	71,973
Utilities	53,954	1,124	1,124	56,202
Supplies	42,527	71	71	42,669
Information technology	31,886	2,813	2,813	37,512
Bank fees and payroll fees	29,364	332	244	29,940
Insurance	26,619	913	913	28,445
Printing and publications	17,319	2,600	4,462	24,381
Interest	19,200	400	400	20,000
Telephone and telecommunications	12,919	1,140	1,140	15,199
Rent	12,404	258	258	12,920
Travel and meeting expenses	3,768	3,767	5,024	12,559
Other expenses	9,675	100	100	9,875
Communications - public relations	8,895	-	-	8,895
Production supplies	8,835	-	-	8,835
Postage, shipping and delivery	4,528	283	849	5,660
Office	-	2,523	-	2,523
Volunteer events	600	-	-	600
Bad debt expense	-	-	196	196
	$ 1,864,679	$ 182,444	$ 129,253	$ 2,176,376
Percentage of total	85.7 %	8.4 %	5.9 %	100.0 %

The accompanying notes are an integral part of these financial statements.

Livermore Valley Performing Arts Center
Statement of Cash Flows
For the Period from January 1, 2017 to June 30, 2017

Cash flows from operating activities		
Change in net assets	$	(421,297)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization		423,396
Amortization of discount on State of California settlement gain		(5,480)
Changes in operating assets and liabilities		
Contributions receivable		(81,987)
Accounts receivable		(3,074)
Inventory		450
Prepaid expenses and deposits		32,051
Accounts payable		(58,911)
Accrued expenses		(30,220)
Accrued interest		16,691
Deferred revenue		(44,691)
Net cash used in operating activities		(173,072)
Cash flows from investing activities		
Proceeds from settlement		525,000
Purchase of property and equipment		(109,988)
Net cash provided by investing activities		415,012
Cash flows from financing activities		
Proceeds from line of credit		100,000
Repayments of capitalized leases		(11,579)
Net cash provided by financing activities		88,421
Net increase in cash and cash equivalents		330,361
Cash and cash equivalents, beginning of year		408,064
Cash and cash equivalents, end of year	$	738,425

Supplemental disclosure of cash flow information

Cash paid during the year interest	$	3,309

1. NATURE OF OPERATIONS

The Livermore Valley Performing Arts Center (the "Center" or "LVPAC") is a California nonprofit public benefit corporation recognized by the Internal Revenue Service as a charitable, tax exempt organization pursuant to section 501(c)(3) of the Internal Revenue Code. LVPAC was organized in August 1998 as the Livermore Valley Conference and Cultural Center and changed its name to the Livermore Valley Performing Arts Center in November 2004. LVPAC's mission is to establish and operate a world-class performing arts center that promotes and encourages the presentation and creation of visual and performing arts; enhances the public's appreciation, enjoyment, and understanding of the arts; and serves as a catalyst for the continued economic enhancement of both the City of Livermore and the surrounding Tri-Valley region.

LVPAC completed the construction of the 500-Seat Bankhead Theater in downtown Livermore in September 2007 and has now presented/hosted nine successful seasons of local, national and international performing arts events. In 2011, design work for a 2000-Seat (Regional) Performing Arts Theater was brought to completion and the initial building permit was issued. Also, in 2011, the State of California adopted legislation that dissolved the State's redevelopment agencies. This action, which was beyond the Center's control, has made the future of LVPAC's Regional Theater impossible, and in 2014 management concluded that LVPAC would not proceed with the Regional Theater (see Note 16). In addition to the Bankhead Theater, LVPAC operates the Bothwell Arts Center, a multi-purpose facility for the support of local visual and performing artists and organizations, under a lease agreement with the Livermore Area Recreation and Park District; and the Downtown Art Studios, a refurbished commercial building owned by the City of Livermore, which provides studio space for local visual artists.

2. CHANGE IN NET ASSETS

During the period from January 1, 2017 to June 30, 2017, Livermore Valley Performing Arts Center experienced an operational loss of $577,787 as noted in the "Unrestricted" column of the Statement of Activities. A significant amount of the loss can be attributed to depreciation and amortization.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in net assets	$ (577,787)	$ 156,490	$ -	$ (421,297)
Add interest expense	20,000	-	-	20,000
Less interest income	(5,680)	-	-	(5,680)
Add depreciation and amortization	423,396	-	-	423,396
	$ (140,071)	$ 156,490	$ -	$ 16,419

3. PROGRAM SERVICES

The Bankhead Theater serves as home for many of the area's finest performing arts organizations. These include Del Valle Fine Arts, the Livermore Valley Opera, the Livermore-Amador Symphony, Valley Dance Theater, Tri-Valley Repertory Theater, Livermore School of Dance, Lamplighters Music Theatre, Rae Dorough Speakers Series and the Pacific Chamber Symphony. The Bothwell Arts Center and Downtown Art Studios function as incubator spaces and provides studios, classrooms, performance, and rehearsal space for many of the City's arts organizations and artists.

LVPAC provides the Bankhead on a rental basis to both resident and visiting performance companies, and functions as a presenter in its own right, bringing to Livermore artists of national and international stature. Finally, LVPAC provides student matinee performances and artists' classroom workshops for school children across the Tri-Valley.

During the period from January 1, 2017 to June 30, 2017, over 85 public events took place in the Bankhead Theater; more than 27,000 attendees enjoyed performances by such attractions as the Livermore Valley Opera, California Theatre Center, Tri-Valley Repertory Theatre, the Livermore-Amador Symphony, Valley Dance Theater, The Capitol Steps, Russian Ballet, Arlo Guthrie, Storm Large, Riders in the Sky, Asleep at the Wheel and Jerry Jeff Walker with Special Guest Django Walker. A cornerstone of Livermore's downtown revitalization, the Livermore Valley Performing Arts Center and the Bankhead Theater play a vibrant role in the cultural and economic life of the City of Livermore and the surrounding Tri-Valley region.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of Livermore Valley Performing Arts Center have been prepared on the accrual basis of accounting.

Basis of presentation

In accordance with accounting principles generally accepted in the United States of America, the Center reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- *Unrestricted net assets* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Center. Under this category, the Center maintains an operating fund, property and equipment fund plus any net assets designated by the Board for specific purposes.
- *Temporarily restricted net assets* - include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

- *Permanently restricted net assets* - include those assets which are subject to a non-expiring donor restriction, such as endowments.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Fair value measurements

Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Center. Unobservable inputs reflect the Center's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Center's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Contributions and grants receivable

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as support in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. For promises expected to be collected in more than one year a present value discount is estimated based on the risk free rate (appropriate U.S. Treasury Bond Rate) at the time of the promise as adjusted for credit and other donor specific risks. The Center uses a specific identification method to estimate its allowance for doubtful contributions and grants receivable.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Accounts receivable

Accounts receivable represent amounts due and are stated at the amount the Center expects to collect. A provision for losses on receivables is made when considered necessary to maintain an adequate allowance to cover bad debts. Receivables are charged against the allowance when the Center determines that payments will not be received. Any subsequent receipts are credited to the allowance.

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $2,500 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 4 to 30 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2017, and is included in "accrued expenses" in the statement of financial position. The accrued vacation balance as of June 30, 2017 was $55,995.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Center recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Contributions in-kind

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Center would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Center also receives donated services that do not require specific expertise but which are nonetheless central to the Center's operations. These contributed services are not reflected in the financial statements.

Expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Indirect expense allocations are based on salary expense, square footage or asset usage.

Income taxes

Livermore Valley Performing Arts Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Center in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

The Center files information returns in the U.S. federal jurisdiction and state of California. The Center's federal returns for the tax years 2014 and beyond remain subject to possible examination by the Internal Revenue Service. The Center's California returns for the tax years 2013 and beyond remain subject to possible examination by the Franchise Tax Board.

Advertising costs

The Center's policy is to expense advertising costs as the costs are incurred. Advertising expense for the period from January 1, 2017 to June 30, 2017 totaled $140,646.

Subsequent events

Management of the Center has evaluated events and transactions subsequent to June 30, 2017 for potential recognition or disclosure in the financial statements. The Center did not have subsequent events that required recognition or disclosure in the financial statements for the period from January 1, 2017 to June 30, 2017. Subsequent events have been evaluated through the date the financial statements became available to be issued, November 30, 2017.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

Receivable in one year or less	$ 286,682
Receivable in one to five years	1,055,000
Receivable in more than five years	990,000
	2,331,682
Less discounts to net present value	(221,009)
	$ 2,110,673

Unconditional promises to give, which are not expected to be collected until after the year contributed, are reflected in the accompanying financial statements as contributions receivable and support in the appropriate net asset category. For promises expected to be collected in more than one year a present value discount is estimated based on the risk free rate (appropriate U.S. Treasury Bond Rate) at the time of the promise as adjusted for credit and other donor specific risks. The risk-adjusted discount rate on contributions receivable as of June 30, 2017, ranged between 1.7% and 2.7%.

5. CONTRIBUTIONS RECEIVABLE (continued)

The Center uses a specific identification method to estimate its allowance for doubtful contributions receivable.

6. STATE OF CALIFORNIA SETTLEMENT RECEIVABLE

During the year ended December 31, 2014, the Center reached an agreement with the State of California Department of Finance, et al. Per the agreement, the Center agreed to settle any and all claims against the State and other defending parties regarding the Amended and Restated Disposition and Development Agreement (relating to the development of a Regional Theater) in exchange for the payment to the Center of $3,750,000. The settlement receivable of $3,750,000 less the present value discount of $88,807 equaled the settlement gain of $3,661,193 for the year ended December 31, 2014. During the period from January 1, 2017 to June 30, 2017, the Center received the final payment of $525,000.

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

Building	$ 22,585,090
Furniture, fixtures and equipment	1,165,052
Land	740,000
Leasehold improvements	21,729
	24,511,871
Accumulated depreciation	(8,137,754)
	$ 16,374,117

Depreciation and amortization for the period from January 1, 2017 to June 30, 2017 was $423,396.

8. LINE OF CREDIT

On August 21, 2015 the Center entered into a $250,000 revolving line of credit with a bank. The line has a maturity date of September 3, 2018, and requires monthly payments of variable interest based on the prime rate as published in the Wall Street Journal plus 1%. The interest rate at June 30, 2017 was 5.25%. The revolving line of credit is secured by a general security interest in the assets of the Center. There were $150,000 in borrowings on the line as of June 30, 2017.

9. PRESENT VALUE OF PURCHASE OPTION

During the year ended December 31, 2014, the Center transferred ownership of the Bankhead Theater to the City of Livermore. In accordance with the terms of the agreement, the Center is leasing the Bankhead Theater from the City for $1 per year for an initial term of 7 years with the option to extend for two additional successive terms of 10 and 13 years (total of 30 years), respectively. In accordance with the terms of the lease agreement, the Center has the option to purchase back the Bankhead Theater in September 2044 for $2,800,000.

Present value of purchase option consist of the following:

Purchase option - 2044	$	2,800,000
Less discount to present value		(1,351,942)
	$	1,448,058

The capitalized cost of the Bankhead Theater included in property and equipment at June 30, 2017 was $15,053,920, net of accumulated amortization of $7,248,184.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Education fund	$	126,970
Gala 2017		101,250
Producers Circle		25,000
LVPAC Presents		10,000
Bothwell Bash		5,000
		268,220
General operating support in future periods		2,077,740
	$	2,345,960

Temporarily restricted net assets released from restriction during the period were as follows:

General operating support in future periods	$	133,382
Education fund		74,711
LVPAC Presents		12,500
Bothwell Bash		4,640
	$	225,233

11. PERMANENTLY RESTRICTED NET ASSETS

As of June 30, 2017, permanently restricted net assets, which consisted of land acquired by the Center as a site for the sole purpose of building the 500-Seat (Community) Theater (see Note 16) totaled $740,000.

11. PERMANENTLY RESTRICTED NET ASSETS (continued)

The land was acquired in 2005 when Livermore Valley Performing Arts Center entered into a purchase agreement (the "Agreement") with the City of Livermore (the "City") for the site upon which the Bankhead Theater is constructed. Under the terms of the Agreement, the Center paid the City the sum of $1 in exchange for the property, subject to certain limitations including specified restrictions relating to the future use and disposition of the property. In connection with the purchase, the Center recognized a permanently restricted contribution totaling $740,000 which represented the excess of the estimated fair value of the property over the consideration paid at the date of purchase.

12. CONTRIBUTIONS IN-KIND

The estimated fair value of supplies, advertising and auction items received are recorded as contributions.

During the period from January 1, 2017 to June 30, 2017, in-kind contributions consist of the following:

Contributions in-kind for operations	
Advertising	$ 79,850
Supplies	50,087
	129,937
Contributions in-kind for special events	
Special event auction items to be sold	4,935
Special event advertising	5,750
Special event supplies	9,251
	19,936
Total contributions in-kind	$ 149,873

13. CONFLICT OF INTEREST POLICY

Included among the Center's Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Center in the development of policies and programs and in the evaluation of business transactions. The Center has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related company or agency.

14. CONTINGENCIES

Grants and contributions

Grants and contributions awarded to Livermore Valley Performing Arts Center are subject to the funding agencies' criteria, grant terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Center could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period. The Center would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

15. OPERATING LEASE COMMITMENTS

In December 2006, LVPAC entered into an agreement with Livermore Area Recreation and Park District (LARPD) for the lease of office space for the Bothwell Arts Center in Livermore beginning September 1, 2006, and expiring August 31, 2011. LVPAC elected to exercise its option to extend the terms for an additional period of 5 years on the same terms and conditions. The first lease extension was acknowledged by LARPD on April 12, 2011. LVPAC has elected to exercise its option to extend the terms for an additional period of 5 years. This lease extension was acknowledged by LARPD on February 1, 2017. The lease provides for increases in the base rent based on the consumer price index.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending June 30,		
2018	$	15,000
2019		15,000
2020		15,000
2021		15,000
2022		1,250
	$	61,250

16. RELATED PARTY TRANSACTIONS

Concentrations

The Center recognized contributions, including promises to give, from members of its Board totaling $152,306 for the period from January 1, 2017 to June 30, 2017. As of June 30, 2017, there was $519,500 in contributions receivable from members of the Board.

16. RELATED PARTY TRANSACTIONS (continued)

Relationship with the City of Livermore

LVPAC and the City of Livermore have entered into four agreements providing for grant funds and the acquisition and development of the 500-Seat (Community) and 2000-Seat (Regional) Theaters (the "Theaters").

In November 2002, and amended during January 2003, LVPAC and the City approved a grant agreement (the "Grant Agreement") to authorize the transfer of funds received by the City to LVPAC for purposes of payment of the planning and development costs of the Theaters. The funds available pursuant to the Grant Agreement consist of the City's Major Attraction Fees and Host Community Impact Account Fees ("HCIAF") received as part of the City and County's Altamont Settlement Agreement.

In May 2004, LVPAC, the City of Livermore Redevelopment Agency (the "Agency") and the City of Livermore entered into a Disposition and Development Agreement (the "DDA") providing for site acquisition by the City and Agency and subsequent lease to LVPAC of both Theater sites. LVPAC, the Redevelopment Agency and the City entered into a second DDA in July of 2005. The second DDA provided for the sale of the 500-Seat (Community) Theater site to LVPAC for consideration of $1 (see Note 11) and includes requirements for the Theater's development. The second DDA supersedes the first DDA on all matters relating to the 500-Seat (Community) Theater.

The Center previously received Host Community Impact Account Fees as part of the City and County's Altamont Settlement Agreement. While the actual amount of the funds to be ultimately received cannot be determined at this time, the value of the fees was projected by the City in 2004, and subsequently updated in 2008, through a study developed by an outside consultant which estimated that the revenue stream is projected to generate undiscounted amounts in excess of $25,000,000 between 2000 and 2041. During the year ended December 31, 2014, LVPAC assigned all future HCIAF fees to the City of Livermore in exchange for a payment of $9,200,000 towards LVPAC's bond debt.

On March 18, 2013, the Livermore City Council voted to provide the loan requested by LVPAC for up to $475,000 through the end of 2013. Interest on the note accrued at a rate equal to the quarterly apportionment rate on the California Local Agency Investment Fund (LAIF), which was at 0.37% for the quarter ended December 31, 2015. Accrued interest was payable on March 1 of each year commencing on March 1, 2014. The balance of unpaid principal and interest was due and payable on December 31, 2015, but was paid in full in January 2016.

In 2011, the State of California adopted legislation that dissolved the State's redevelopment agencies. This action, which was beyond the Center's control, has made the future of LVPAC's Regional Theater project impossible. In 2014, management concluded that LVPAC would not proceed with the Regional Theater (see Note 1).

17. CHANGE OF FINANCIAL YEAR END

The financial year end of the Center was changed from December 31 to June 30. Accordingly, the financial statements are prepared for 6 months from January 1, 2017 to June 30, 2017.